

## Message Text

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PAGE 01 EC BRU 01942 011756Z  
ACTION EUR-12

INFO OCT-01 NEA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04  
TRSE-00 LAB-04 SIL-01 OMB-01 FEA-01 ERDA-05 DODE-00  
FPC-01 H-01 INT-05 L-03 NSC-05 PM-04 USIA-06 OES-06  
SS-15 ACDA-07 /131 W  
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R 011604Z MAR 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 3132  
INFO ALL EC CAPITALS 3193  
AMEMBASSY TEHRAN  
USMISSION OECD PARIS  
USMISSION GENEVA

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E.O.11652: GDS  
TAGS: ETRD IR EEC  
SUBJECT: EC/IRAN COOPERATION AGREEMENT - PLANS TO CONTINUE  
NEGOTIATIONS IN APRIL

REF: (A) TEHRAN 1511 (B) EC BRUSSELS 917 (C) 76 EC BRUSSELS 9421

1. EC COMMISSION DEPUTY DIRECTOR GENERAL CASPARI TELLS US THAT HIS FEB. 13-14 TRIP TO TEHRAN TO DISCUSS THE PROPOSED EC/IRAN COOPERATION AGREEMENT WENT WELL. IRANIAN FINANCE MINISTER ANSARI REAFFIRMED THE EARLIER GOI/EC UNDERSTANDING (SEE REF C) THAT THE GOI WOULD AGREE TO A NON-PREFERENTIAL TRADE AGREEMENT. AS A RESULT, CASPARI PROPOSED HOLDING A SECOND ROUND OF NEGOTIATIONS IN BRUSSELS IN EARLY APRIL. AT THAT TIME THE EC PLANS TO TABLE A PROPOSED DRAFT AGREEMENT, EXCEPT FOR THE TRADE PROVISIONS WHICH AWAIT FURTHER PREPARATION BY THE EC COUNCIL. CASPARI PLANS TO SEND A MISSION TO TEHRAN AFTER THIS NEXT ROUND OF NEGOTIATIONS TO LOOK INTO POSSIBLE TRADE PROVISIONS.

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2. CASPARI ADDS THAT THE GOI CONTINUES TO SEEK SPECIAL TRADE PROVISIONS FOR A NUMBER OF PRODUCTS, ESPECIALLY REFINED PETROLEUM PRODUCTS (R.P.P.). THE EC WILL LIKELY EVENTUALLY INCLUDE SEVERAL OF THESE PRODUCTS IN ITS GSP. THIS IS NOT A PRESSING PROBLEM, HOWEVER, BECAUSE THE GOI HAS LITTLE TO EXPORT TO THE EC MARKET AT THIS TIME.

CASPARI BELIEVES THE EC WILL HAVE TO PROVIDE FOR A YET UNSPECIFIED AMOUNT OF R.P.P. TO BE IMPORTED UNDER ITS GSP IF THE NEGOTIATIONS ARE TO END SATISFACTORILY. ONCE HE HAS A CLEAR IDEA OF GOI DEMANDS, HE WILL PROPOSE TO THE EC COUNCIL A NEGOTIATING MANDATE ON THE TRADE PROVISIONS. CASPARI SAYS NOW THAT THE NEGOTIATIONS HAVE BEEN OPENED, THE EC IS NOT PRESSING TO COMPLETE THEM. IT IS WILLING TO LET THE GOI SET THE PACE.

3. CASPARI BELIEVES THAT ONCE PETROLEUM PRODUCERS DEVELOP REFINING CAPACITY, THEY MAY CONSIDER UNDERCUTTING R.P.P. PRICES IN INDUSTRIALIZED COUNTRIES. HE BELIEVES ARRANGEMENTS NEED TO BE DEVELOPED IN THE MEDIUM-TERM TO ALLOW PRODUCERS TO SHARE IN R.P.P. PRODUCTION. AT THE SAME TIME AN AGREEMENT MIGHT BE WORKED OUT TO ESTABLISH PRICE RELATIONSHIPS BETWEEN CRUDE AND R.P.P. PRICES. CASPARI DOES NOT BELIEVE SUCH ARRANGEMENTS SHOULD BE TAKEN UP IN CIEC, BUT THEY COULD BE DISCUSSED AS PART OF A POSSIBLE FOLLOW ON TO THE DIALOGUE. HE ADDS THAT INDUSTRIALIZED COUNTRIES SHOULD DISCUSS THIS MATTER WITH THE PETROLEUM COUNTRIES AS A GROUP. HINTON

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## Message Attributes

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